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C O N F I D E N T I A L SECTION 01 OF 02 DUBLIN 000220

SIPDIS

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TAGS: PGOV PREL ECON EI

SUBJECT: IRELAND'S JUNE 5 ELECTION RESULTS: ANOTHER NAIL IN FIANNA FAIL'S COFFIN

REF: A. DUBLIN 213

¶B. DUBLIN 127

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Classified By: Pol/Econ Section Chief Ted Pierce;
Reasons 1.4 (b/d).

¶11. (C) Summary: As expected, the Fianna Fail (FF) led government coalition took a beating in the June 5 local and European Parliament elections, polling well behind its main rival Fine Gael (FG) and losing ground as well to the Opposition Labour Party. The Greens faltered seriously. FG now holds the largest number of seats in local government. Because FF lost both by-elections for the national parliament, the governing coalition holds only a three seat majority. Either the Greens or the group of Independents could cause the government to fall. In the European Parliament elections, Labour gained two seats, while FG and FF lost one each. Declan Ganley's bid for a seat in Brussels ended with a fourth-place finish. He has vowed to leave politics. Sinn Fein's only European representative also lost her seat, reflecting the weak position of the "all-island" party in the Republic. FG has announced that it will call for a vote of no-confidence in the government, which we expect will be largely symbolic -- at least for now. However, we expect a significant cabinet re-shuffle. We think the Opposition will really begin to press its electoral advantage after the government introduces the December budget, which will almost certainly have to include heavy -- and unpopular -- spending cuts. End Summary.

A New Low for Fianna Fail

¶12. (SBU) Fianna Fail (FF), the senior party in the governing coalition with the Green Party and a few Independents, lost significant ground in the nationwide local elections to its main rival, Fine Gael (FG), as well as to the Opposition Labour Party. FG won about 120 more local council seats than did FF, making it the largest party in local government. As of June 9, with three elections still undecided, FG had 338 seats, FF had 213, and Labour had 116 (up 15 seats from 5 years ago). More importantly, though, Fianna Fail failed to win either of the by-elections for the national parliament, reducing their governing majority to just three (down from nine after the 2007 general election). FG won one of these contests (Dublin South), while an Independent took the other (Dublin Central). A defection by either the Independents group or the Green Party can now bring down the government (Ref A).

Greens Hanging By a Thread ...

¶13. (SBU) The Green Party fared even worse than FF. The party now only has three local council seats nationwide, down from 18 it won in the last local elections in 2004. It lost all

eight seats it held in Dublin. This result does not augur well for the party if a general election becomes necessary. Party Leader and Environment Minister John Gormley described the election result as "traumatic." Saying that his party would not pull out of government, Gormley added that the Greens would engage in a process of internal discussion to assess the outcome.

... and Ganley's Thread is Cut

¶4. (C) In the European Parliament elections, FF lost one seat. FG also lost a seat, while Labour was the big winner with a net gain of two seats. Libertas leader Declan Ganley's bid for a European seat (Ref A) ended with a fourth place finish in the Northwest Ireland constituency. On June 8, Ganley announced that he would leave politics. (Comment: Ganley came to prominence in Ireland and across Europe with his successful 2008 referendum campaign against the Lisbon Treaty (Ref B). We expect the Irish voters to get another crack at approving the Treaty in October 2009. Whether Ganley will be active this time around is still an open question. End comment.)

¶5. (C) In another setback, Sinn Fein lost its only European Parliamentarian in the Republic when Mary Lou McDonald, Sinn Fein's Vice-President, failed to hold her seat, coming in a disappointing fifth place in the Dublin constituency. Her poor showing reflects the inability of Sinn Fein to connect with voters in the Republic in spite of its "all-island" ethos. In the local elections, Sinn Fein took a net loss of one seat and garnered only 7.3 percent of the overall vote.

Comment: So Now What?

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¶6. (C) FG leader Enda Kenny has announced that he will hold a vote of no-confidence in the Dail this week. We expect this to fail as the Greens and Independents are unlikely to abandon FF. In spite of its poor electoral showing in the local elections, we expect the Greens to become stronger in the short-term as they now hold the balance of power in the coalition government. Prime Minister Brian Cowen has announced that FF will re-negotiate the Programme for Government (the government platform) with the Greens, making the new Programme "greener."

¶7. (C) We expect changes in FF leadership as the party leverages blame for the electoral downfall. The party faithful are not at all happy with Cowen; he could eventually face a leadership challenge. We expect the Deputy Prime Minister and Economy Minister Mary Coughlan to face a demotion of some sort -- she was responsible for determining which candidates FF fielded in each local constituency. There will very likely be other changes in the Cabinet.

¶8. (C) Until the Parliament adjourns for the summer in early July, FG and Labour will keep up the barrage of criticism and complain that the Government no longer has a mandate to govern. It is unlikely, however, that either party really means to force a general election at this point, as a victory would put them on the hook to deliver not only a victory in the upcoming Lisbon Treaty referendum but also to deliver a draconian budget in December 2009 (Ref A). The real political push to oust FF -- if it comes -- will likely be in the new year.

FAUCHER